

Turning a Profitable Page

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McGraw-Hill, Inc., has lofty corporate objectives. It desires to "serve man's need for knowledge by gathering, evaluating and distributing useful information throughout the world at a fair profit."

It's doing it at the right time, too. As the nation's largest publisher of trade journals and technical books it is riding high on the crest of the knowledge boom which has swept the nation since Sputnik.

The tide is also helping the "fair profit" side of McGraw-Hill's credo. Its corporate goal is to increase earnings 10 per cent a year. But in 1964 it enjoyed a 20 per cent boost in profits and analysts expect at least the same rise in 1965.

Moreover, if it completes the announced acquisition of Standard & Poor's Corp., McGraw-Hill will probably tack on its third consecutive earnings increase of at least 20 per cent during 1966.

McGraw-Hill is a strange amalgamation of three divisions: Books, Publications (magazines) and F. W. Dodge Co. (which deals with construction information services).

'Green Giant'

All three are housed, guided and serviced at corporate headquarters in the famed 35-story building that dominates the West-side skyline in midtown Manhattan and which some people have unkindly dubbed the "Ugly Green Giant of 42d Street."

But few people make fun of the growth record compiled by the company in recent years or of the strong prospects ahead.

McGraw-Hill is a direct beneficiary of a number of current trends in the United States. The complexities of business and the constant technological change have created an unprecedented demand for its 32 domestic magazines.

The Publications division, which provides almost half of the company's income, is expected to produce \$97 million of McGraw-Hill's estimated 1965 revenues of \$215 million.

Shelton Fisher, who was named president of the entire operation 10 days ago and who previously headed the Publications division, explains the demand for technical journals this way:

"We estimate that about one-half a graduate engineer's knowledge is obsolete 10 years after he gets out of school. These publications are his textbooks, so that he can keep up."

The increased stress on education has not only added to the number of people going to college but also the average amount of time spent at school, he notes.

More importantly to McGraw-Hill, perhaps, is that it is also willing to invest more in textbooks and other educational materials. The Book division, which accounts for about 38 per cent of the company's revenues, is the largest publisher of technical, scientific and business books.

McGraw-Hill now has about 8 per cent of the educational book market in the U. S. and around 28 per cent of the trade book market. It is trying to expand its elementary and high school line and management believes this area will show the fastest growth of any of the company's markets.

A new programmed reading series is being developed which includes a package